

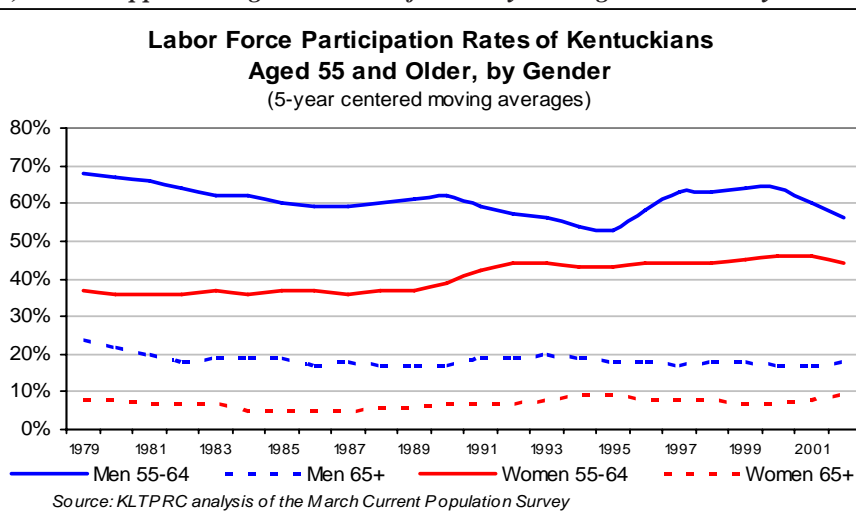
HORIZON

trends and issues to watch, ideas and innovations to use

Living longer, working longer?

Encouraging older Kentuckians to remain in the workforce longer could alleviate some of the challenges that falling fertility rates, increased life expectancies, and the approaching retirement of the baby boom generation may pose.

Since the late 1970s, labor force participation rates among older Kentuckians have fluctuated among men and women. For men in the preretirement ages of 55 to 64 years old, the overall trend has been one of declining participation though the trend abated somewhat in the mid-1990s, reaching a peak of about 64 percent in 2000. However, the increase was short-lived, and decline soon resumed. For women of preretirement age, labor force participation rates have been steadily increasing since the late 1980s to approximately 44 percent in 2002. A recent uptick in labor force participation was seen among men and women aged 65 and older, but, overall, trends in labor force participation rates among this age group have remained relatively unchanged over the past quarter century.



Possible Implications for Kentucky: These trends hold significant implications for the size and productivity of Kentucky's workforce, and its output. Losses of experienced, veteran employees to retirement is already creating skills gaps that some employers are finding difficult to close. Widening gaps could adversely affect productivity and competitiveness. The aging workforce issue is particularly acute for the construction, coal, health care, and automotive manufacturing industries.

Mark Daugherty, Human Resources Manager for Toyota Motor Manufacturing, Kentucky, Inc., foresees a significant problem for his company alone: "We anticipate a huge retirement bubble beginning in 2013 due both to demographic trends and our rapid build-up of personnel when we started production at the Georgetown plant in 1988. This impact will be felt in both skilled trades and production, and we are very concerned that we will not be able to find an adequate supply of people with the work ethic, interests, and skills we need."¹

The construction industry, which accounts for 4.4 percent of Kentucky's gross state output, is expected to face a skilled worker shortage nationally over the next several years, according to the U.S. Bureau of Labor Statistics.² As more young people have opted for college, fewer have sought work in the skilled trades where earnings remain high and replacement workers scarce.

Overall, these trends suggest that employers may need to create incentives for retaining older employees longer, a move that will not only bolster labor force capacity but also keep national dependency costs at bay longer. In order to replenish skilled workers of all types, we will need to educate young people about diverse opportunities and fully prepare every young person and working age adult to compete in the future economy.

Americans support high school changes

A large majority of high school students say their class work is not very difficult, and almost two thirds say they would work harder if courses were more demanding or interesting, according to a nationwide survey of teenagers. The survey also found that less than two thirds believe that their school has done a good job challenging them academically or preparing them for college. About the same number said their senior year would be more meaningful if they could take courses related to the jobs they wanted or if some of their courses could be counted toward college credit.

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According to a separate survey, most Americans believe that high school students aren't being significantly challenged by their studies, and only 9 percent of the general public believes that high schools set high academic expectations for students. The survey found that 30 percent of the general public polled believe that major changes are needed. A majority of those polled support a variety of measures to improve high schools, including making sure teachers are experts in the subjects they teach, requiring exit exams, and increasing teachers' salaries.

Possible Implications for Kentucky: Kentucky and a dozen other states committed themselves to significantly reform and improve their high schools at the 2005 National Education Summit on High Schools held earlier this year in Washington, D.C. A lot is riding on the success of these and other efforts to improve Kentucky's high schools.

For example, according to Kentucky's latest occupational projections to 2012, jobs requiring an associate's degree or more education will increase while those requiring just a high school diploma will decline.³ Moreover, the Kentucky Council on Postsecondary Education estimates that the state will need up to 800,000 working-age adults with a bachelor's degree by 2020 to meet the national average. This is double the number Kentucky had in 2000.


It is essential that our state meet this goal if we hope to elevate our per capita income to the national average. Clearly, one prerequisite will be to improve our high schools and increase the percentage of students going to and remaining in college. The Center presented several policy options for improving Kentucky's high schools in a 2002 study, *Listening to Kentucky High Schools*. The study author concluded that the most important factor affecting the success of the high schools studied was thoughtful, visionary, caring leadership. The study recommended that leadership skills be developed and enhanced among principals, who too often function primarily as watchdogs of discipline, rather than the visionary leaders high schools need. Further, empowered teachers should share in leading high schools into the future. The study's author also concluded that student voices should be heard as we look for ways of improving the quality of education in high schools. While no certain path for success has been charted for what most agree is among the most challenging age groups, regardless, we know a lot more about past failings, model programs, and adolescent minds. From this brew of information, we can almost certainly improve Kentucky's high schools.

Financial aid rules for college changing

Thousands of American families might find it harder to qualify for financial aid this year and might be asked to contribute more money toward the cost of college due to changes in a complicated federal formula. Under these changes, families will be required to count a greater share of their incomes and assets toward college expenses before becoming eligible for financial aid. As a consequence, tens of thousands of low-income students will no longer be eligible for federal grants; middle class families will be forced to dig deeper into their savings, and some colleges are putting up their own money to make up the difference. *The New York Times* analyzed the formula and found that families with the same earnings and assets as in 2000 would typically have to pay an extra \$1,749 before clearing the eligibility bar for financial aid in 2005, after adjusting for inflation.

Possible Implications for Kentucky: As the cost of higher education increases, those who are price sensitive will find it increasingly difficult to pursue postsecondary education. Findings from the Center's 2000 survey of Kentucky high school students show that a substantial portion of the state's young people view cost as an obstacle. A sample of 16- and 17-year-old Kentucky high school students were asked *How much of an obstacle do you think the cost of going to college will or would be to your going to college?* An estimated 21 percent said, "Not an obstacle," but 50 percent replied, "Somewhat of an obstacle," and 29 percent answered, "A major obstacle."

Perhaps most striking is the difference between those students from families with less than \$20,000 in annual income and those from families making over \$70,000 annually. An estimated 64 percent of the students from the lower income group view cost as a major obstacle, compared to only 6 percent of the students from the higher income group.

Since the survey was conducted in 2000, Kentucky has experienced above-average tuition increases. According to the National Center for Public Policy and Higher Education, tuition and fees at Kentucky's public four-year institutions increased 11 percent from the 2001-2002 to the 2002-2003 academic years compared with 10 percent nationally.⁴ And while the cost of college in Kentucky remains more affordable than in many other states and remains affordable for most state students,⁵ a four-year degree at a Kentucky school costs between \$40,000 and \$120,000.⁶ Increasing tuition and fees coupled with the changing federal financial aid formula suggest that Kentucky faces an even more difficult challenge in getting its citizens to enroll and remain in college. 

Sources:

¹ Laprade, Nancy. "The Competitive Edge: Creating a Human Capital Advantage for Kentucky." *Foresight* 44 (2005): 1-6.

² World Future Society, "Re: Futurist Update September 2005." E-mail to Michael Childress 23 August 2005.

³ Commonwealth of Kentucky Education Cabinet. Dept. for Workforce Investment. Office of Employment and Training, Research and Statistics Branch. *Kentucky Occupational Outlook to 2012*. July 2004. 29 August 2005 <http://www.workforcekentucky.ky.gov/admin/uploadedPublications/395_Kentucky_Outlook_to_2012.pdf>.

⁴ William Trombley, "The Rising Price of Higher Education," *National Crosstalk* Winter 2003. 29 August 2005 <http://www.highereducation.org/reports/affordability_supplement/affordability_1.shtml>.

⁵ Council on Postsecondary Education 18 July 2005. 29 August 2005 <<http://cpe.ky.gov/news/releases/071805.htm>>.

⁶ Kentucky Higher Education Assistance Authority, *Affording Higher Education* 15th Edition, 2005. 29 August 2005 <http://www.kheaa.com/ub_affording.html>.